

FISCAL NOTE

HB 3245 - SB 3395

March 5, 2008

SUMMARY OF BILL: Requires all handgun and assault ammunition manufactured or sold in Tennessee after January 1, 2009, to be coded by the manufacturer. Requires all non-coded ammunition to be disposed of by January 1, 2011. Requires the Tennessee Bureau of Investigation (TBI) to create and maintain an ammunition coding system database (ACSD) which shall include a manufacturer registry and a vendor registry. Creates a Class A misdemeanor for a vendor who knowingly fails to comply with or falsifies the required records or for a person to knowingly destroy the serialization required on any ammunition. Creates a Class A misdemeanor punishable by fine only not to exceed \$1,000 for a manufacturer to knowingly fail to comply for the first violation. For second and subsequent violation, punishable by fine only not to exceed \$5,000. The cost of establishing and maintaining the ACSD shall be funded by an end-user fee. Requires vendors to charge an additional one-half cent (\$.005) per bullet or round of ammunition. Establishes the Coded Ammunition Fund.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$12,000 FY 08-09
Exceeds \$24,000 FY 09-10 and
Succeeding Years

Increase State Revenue – Not Significant/Coded Ammunition Fund
Increase State Expenditures - \$172,100/One-Time
\$258,800/Recurring

Increase Local Revenue – Not Significant
Increase Local Expenditures – Not Significant

Assumptions:

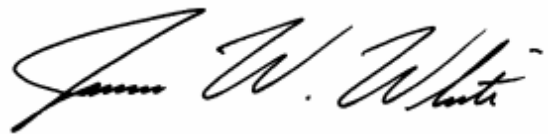
- Coded ammunition is not currently manufactured. There would be no sales of ammunition in Tennessee after January 1, 2009.
- According to the Department of Revenue, the State will experience a decrease in sales tax revenue of \$24,000 annually once the prohibition on sales of non-coded ammunition takes effect on January 1, 2009. The

impact in FY08-09 will be a decrease in state revenue of \$12,000 for the six months remaining in FY08-09 and a decrease of \$24,000 each succeeding year.

- No end user fees will be collected since coded ammunition will not be sold. There will be no contributions to the Coded Ammunition Fund.
- TBI will be required to create the ACSD without regard to the availability of funds from the Coded Ammunition Fund or the availability of ammunition to be included. The cost of the ACSD will be covered through an appropriation from the general fund.
- According to the TBI, three forensic scientist positions would be required to administer the database and enforce the registration of manufacturers and vendors. One-time expenditures for three positions of \$172,105 include equipment (\$125,000), training (\$3,600), supplies (\$37,200) and programming (\$6,305). Recurring expenditures of \$258,812 include salaries (\$148,329), benefits (\$53,858), rental space (\$29,565), travel (\$3,600) and \$23,460 for other related operating expenses.
- There will not be a sufficient number of prosecutions for state or local government to experience any significant increase in revenue or expenditures.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/lsc